

# Hamilton County, Ohio JFS Pay for Performance Employee Productivity and Retention Study



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## Background and Findings

When Hamilton County (Ohio) Job and Family Services (JFS) implemented its performance-based pay system in 1998, county officials believed that this innovative compensation program would improve employee performance and reduce turnover. As part of a grant from the Annie E. Casey Foundation, JFS asked CPS Human Resources to analyze any available data which might provide evidence that those expectations were actually being met.

As an initial step in our review process, we conducted both informal meetings with JFS managers and structured focus group sessions with employees and with supervisors. The general consensus from all groups was that the PFP system was having a positive impact on quality and productivity. These improvements were attributed to the fact that performance expectations had become more clearly articulated, employee-supervisor communications had improved, and everyone's attention was being directed toward results and outcomes rather than process. Everyone acknowledged that performance goals continue to increase from one year to the next. As employees meet quality standards and productivity goals, the following year's expectations are set a bit higher – a phenomenon the employee groups characterized as “the continuous raising of the bar.”

With regard to employee retention, JFS managers and supervisors believe that the PFP system has been responsible for reducing turnover in recent years. They also believe that the system encourages the better employees to remain with JFS because long-term, high-achieving employees can continue to earn pay increases (in the form of semiannual bonuses) even after they reach the maximum level of their pay ranges. Conversely, managers believe that many marginal employees leave JFS because they soon become discouraged as a result of receiving very small, if any, annual pay increases. The one caveat they expressed is their belief that long-term marginal employees will tend to remain in the system because they have already reached the pay range maximums under the prior compensation system, and have too much invested in terms of retirement benefits and vacation accrual rates, among other benefits.

Our analysis focused on answering the following three questions:

- Is there evidence that performance has improved since PFP was implemented?
- Is there evidence that turnover has been reduced since the implementation of PFP?
- Is there evidence that the PFP system encourages the high achievers to stay with JFS and encourages the poorer performers to leave?

## ***Performance Improvement***

One of the primary reasons Hamilton County implemented a PFP system was to improve work performance. Unfortunately, the unavailability of data precluded a comprehensive analysis of PFPs impact on work performance measures. However, the limited data that is available suggests that the PFP system has had a positive impact on performance outcomes.

We analyzed Hamilton County's performance relative to Ohio's six other metropolitan county children's services agencies on several outcome measures monitored by the Ohio Department of Job and Family Services. Hamilton is the third largest county in Ohio based on population, but in recent years has had the second largest number of reported incidents of child abuse and neglect. We compared Hamilton's performance with the average of the seven metropolitan counties on ten Child Protection Oversight and Evaluation (CPOE) Outcome Indicators<sup>1</sup> from January 2001 through June 2004. Hamilton County performed better than the average on six of the ten CPOE Outcome Indicators.

The most readily available data for our review included the annual performance evaluation scores received by employees in January 2002, 2003 and 2004, which evaluated their performance for the preceding six-month periods, (i.e., June through December 2001, 2002 and 2003). Since the overall PFP score is a direct measure of achievement in meeting Major Work Objectives (the score also includes points for professional standards and personal objectives), we considered improvement in scores from one year to the next to equate to performance improvement. We cannot conclude, however, that a decrease in score equates to poorer performance. Since quality and productivity goals may increase each year, failure to meet the higher standards may result in lower scores even though performance has improved from prior year(s).

We determined the average and median scores of all employees within each of JFS' four largest job classifications for each of the three years. (See Attachment 1, page 16, for complete descriptions of the JFS job classifications.) We then reviewed the average and median scores within each classification to determine if the scores had improved from one year to the next. Table 1 (page 3) shows the average and median performance evaluation scores for each classification for 2002, 2003 and 2004.

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<sup>1</sup> The CPOE Outcome Indicators are monitored by the Ohio Department of Job and Family Services for all Ohio counties. The other counties included in this analysis were Cuyahoga, Franklin, Lucas, Montgomery, Stark and Summit.

**Table 1: JFS Employee Average and Median Performance Evaluation Scores, by Classification**

Classification		2002 Evaluation Score	2003 Evaluation Score	2004 Evaluation Score
Children's Services Worker	Average	102.6	105.3	106.3
	Median	105.0	106.4	107.0
Eligibility Technician	Average	106.3	105.6	104.5
	Median	108.0	107.6	104.0
Child Support Technician	Average	106.9	109.1	107.0
	Median	108.0	112.0	107.5
Social Services Worker	Average	119.6	115.6	113.0
	Median	118.0	117.3	114.9

For the Children's Services Worker (CSW) classification, scores increased by a few percentage points between 2002 and 2003, and by only one percentage point between the 2003 to 2004 evaluations. For the Child Support Technician (CST), scores increased between 2002 and 2003, but decreased between 2003 and 2004. For the Eligibility Technicians (ET) and the Social Services Workers (SSW), the scores decreased in each subsequent year.

As stated above, a decrease in PFP score does not necessarily indicate a lower level of performance. For example, in 2002, the objective may have been to achieve an accuracy rate of 95 percent in a specific financial assistance program. If most employees were successful in achieving the 95 percent accuracy rate, the 2003 objective may have been set at a 97 percent accuracy rate. Employees achieving an accuracy rate of 96 percent in 2003 would receive a lower PFP score than they would have for achieving a 95 percent rate in 2002.

## **Turnover**

JFS managers and supervisors believe that employee turnover has been reduced as a result of the implementation of the PFP system. We focused our analysis on JFS' four largest job classifications, and analyzed each of them individually as well as collectively. Table 2 (page 4) shows the turnover rate, defined for this purpose as the number of employees leaving JFS during the calendar year as a percentage of employees on the payroll on July 1<sup>st</sup> of that year. Although Table 2 shows the turnover for each of the eight years from 1997 through 2004, we also averaged together the turnover rates for 1997 and 1998 for a "pre-PFP" rate and 1999 through 2004 for the "post-PFP" rate.

**Table 2: JFS Employee Turnover Rates by Classification, 1997-2004**

	Children's Services Worker			Eligibility Technician			Child Support Technician			Social Services Worker			Four Class Total		
Year	No. of CSWs	No. of CSW Departs.	Percent Turnover	No. of ETs	No. of ET Departs.	Percent Turnover	No. of CSTs	No. of CST Departs.	Percent Turnover	No. of SSWs	No. of SSW Departs.	Percent Turnover	Total No. of Emps.	Total No. of Departs.	Percent Turnover
1997	253	82	32.4	196	29	14.8	83	19	22.9	90	12	13.3	622	142	22.8
1998	247	99	40.1	171	22	12.9	74	23	31.1	72	8	11.1	564	152	27.0
Pre-1999 Ave.	500	181	36.2	367	51	13.9	157	42	26.8	162	20	12.3	1186	294	24.8
1999	254	62	24.4	156	29	18.6	85	16	18.8	81	17	21.0	576	124	21.5
2000	283	79	27.9	171	28	16.4	89	18	20.2	72	18	25.0	615	143	23.3
2001	292	90	30.8	171	26	15.2	122	7	5.7	80	9	11.3	665	132	19.8
2002	290	76	26.2	174	22	12.6	111	13	11.7	72	10	13.9	647	121	18.7
2003	258	75	29.1	160	52	32.5	148	23	15.5	61	8	13.1	627	158	25.2
2004	254	63	24.8	153	32	20.9	150	18	12.0	56	6	10.7	613	119	19.4
Post -1998 Ave.	1631	445	27.3	985	189	19.2	705	95	13.5	422	68	16.1	3743	797	21.3

For the four classifications, overall, the turnover rate dropped by 14 percent from the pre-PFP rate of 24.8 percent to the post-PFP rate of 21.3 percent. Although we believe that the PFP system contributed to the reduction in turnover, there may have been other influences, such as the softer job market.

Of the four classifications, the greatest impact was in the Child Support Technician classification, where the turnover rate dropped nearly in half. The pre-PFP rate was 26.8 percent and the post-PFP rate dropped to 13.5 percent. It is likely that a contributor to the drop in the turnover rate for the CSTs is the fact that the number of employees in the classification increased by about 70 percent after 2000.

The next greatest impact was in the Children's Services Worker classification, where the turnover rate dropped by 25 percent from a pre-PFP average of 36.2 percent to a post-PFP rate of 27.3 percent. As shown in Table 2, turnover actually increased in both the Eligibility Technician and Social Services Worker classifications. The unusually high turnover rate of ETs in 2003 (32.5 percent in 2003, compared to an average post-PFP rate of 19.2 percent) appears to have been an aberration. JFS officials confirmed that there was no unusual precipitating event (such as an early retirement program or significant programmatic change) that caused the unusually large number of departures. Turnover in the Social Services Worker classification was unusually high in 1999 and 2000, but again not as a result of any identifiable reason.

### ***Retention of High Achievers***

Beyond reducing turnover overall, JFS management believed that implementing the PFP system would result in providing the incentive for high-performing employees to stay with JFS while encouraging the more marginal employees to leave.

In order to determine this, we reviewed the performance evaluation scores of all employees in the four largest job classifications who worked for JFS during the three-year period from January 1, 2002 through December 31, 2004. Table 3 (page 6) shows the average evaluation scores over the three year period in each classification for those who stayed with JFS during the full three years ("stayers") and those who separated from JFS during that time period ("leavers").

**Table 3: Average Performance Evaluation Scores, JFS Stayers and Leavers, January 2002 – December 2004**

<b>Classification / Employment Status</b>	<b>2002 Ave. Evaluation Score</b>	<b>2003 Ave. Evaluation Score</b>	<b>2004 Ave. Evaluation Score</b>	<b>3 Year Average Score</b>	<b>Total Number of Employees 2002-2004</b>	<b>Percent of Employees</b>	<b>Average Months of Service</b>	<b>Average Years of Service</b>	<b>Median Months of Service</b>	<b>Median Years of Service</b>
Children's Services Worker-Stayers	105.1	106.4	107.6	106.2	231	58.8	78.3	6.5	59	4.9
Children's Services Worker- Leavers	97.5	102.5	98.5	97.7	162	41.2	27.8	2.3	21.5	1.8
<b>Score Difference</b>	<b>7.6</b>	<b>3.9</b>	<b>9.1</b>	<b>8.5</b>						
<b>Classification Total</b>					<b>393</b>	<b>100.0</b>				
Eligibility Technicians-Stayers	106.2	106.7	105.3	106.1	155	68.6	123.3	10.3	70	5.8
Eligibility Technicians-Leavers	106.5	100.7	91.3	103.2	71	31.4	83.1	6.9	26	2.2
<b>Score Difference</b>	<b>-0.3</b>	<b>6.0</b>	<b>14.0</b>	<b>2.9</b>						
<b>Classification Total</b>					<b>226</b>	<b>100.0</b>				
Child Support Techs-Stayers	107.4	108.8	107.6	108.2	154	82.4	86.8	7.2	61	5.1
Child Support Techs-Leavers	104.8	111.2	99.7	104.8	33	17.6	97.4	8.1	55	4.6
<b>Score Difference</b>	<b>2.6</b>	<b>-2.4</b>	<b>7.9</b>	<b>3.4</b>						
<b>Classification Total</b>					<b>187</b>	<b>100.0</b>				
Social Services Workers - Stayers	119.8	115.7	112.6	116.6	67	77.0	123.5	10.3	70	5.8
Social Services Workers - Leavers	118.7	115.0	116.6	115.4	20	23.0	57.4	4.8	43	3.6
<b>Score Difference</b>	<b>1.1</b>	<b>0.7</b>	<b>-4.0</b>	<b>1.2</b>						
<b>Classification Total</b>					<b>87</b>	<b>100.0</b>				



Many of the leavers in each of the classifications terminated employment before receiving any performance evaluation score at all. Consequently, the average scores of the leavers include only the scores of those who were employed long enough to receive an evaluation.<sup>2</sup>

In each of the four classifications, the average evaluation score of the stayers was higher than for the leavers, suggesting that the PFP system is having the desired outcome. The greatest difference was in the Children's Services Worker classification where the three-year average score of the stayers was 106.2 and the average score of the leavers was 97.7. The smallest difference was in the Social Services Worker classification where the stayers averaged 116.6 points and the leavers averaged 115.4 points.

JFS supervisors and managers speculated that long-tenured employees remain in the system despite low performance evaluation scores because they have too much invested in their jobs and benefits. Our analysis verifies those speculations. We grouped employees, by classification, into four-year service intervals, and determined the percentage of employees in each interval receiving high scores (over 110 points) and low scores (under 100 points). As illustrated in Table 4 (page 8), in three of the four classifications, the percentage of employees with more than 16 years of service receiving high scores was lower than less senior employees.

A more detailed discussion of the results for each of the four classifications follows. The percentage of employees receiving low scores was higher for the long-tenured employees in two of the classifications. Over the next several years, it is likely that the score differences between the leavers and the stayers will become more pronounced as the longer-tenured employees retire.

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<sup>2</sup> The union contract provides for different probationary periods for the various classifications, and the length of the probationary period was increased for certain classifications under the current contract. To be eligible for evaluation under the PFP system, the employee must have completed at least half of their probationary period prior to the beginning of the six-month evaluation cycles that begin in January and July. Consequently, depending on the classification, the hire date relative to the beginning of the evaluation cycle, and which contract was in effect, some employees could receive an evaluation score as early as nine months and others as long as eighteen months.

**Table 4: High and Low Performance Evaluation Scores  
by Years of Experience, 2002-2004**

Classification	Years of Service	Number of Employees	Number of Employees with Eval. Scores	Employees with Ave. Scores Below 100	% of Emps. with Ave. Scores Below 100	Employees with Ave. Score of 110 or above	% of Emps. with Ave. Scores of 110 or above
Children's Services Worker	4 Years & Under	91	73	16	21.9	21	28.8
	4 to 8 Years	81	81	14	17.3	26	32.1
	8 to 12 Years	27	25	1	4.0	14	56.0
	12 to 16 Years	18	17	4	23.5	10	58.8
	16 Years & Over	14	14	6	42.9	4	28.6
Eligibility Technician	4 Years & Under	49	16	5	31.3	8	50.0
	4 to 8 Years	39	39	11	28.2	18	46.2
	8 to 12 Years	11	11	3	27.3	5	45.5
	12 to 16 Years	7	7	2	28.6	3	42.9
	16 Years & Over	49	48	14	29.2	12	25.0
Child Support Technician	4 Years & Under	47	43	5	11.6	19	44.2
	4 to 8 Years	60	57	9	15.8	26	45.6
	8 to 12 Years	12	12	2	16.7	9	75.0
	12 to 16 Years	25	25	5	20.0	11	44.0
	16 Years & Over	10	10	3	30.0	3	30.0
Social Services Worker	4 Years & Under	20	15	0	0.0	10	66.7
	4 to 8 Years	20	20	1	5.0	17	85.0
	8 to 12 Years	4	4	0	0.0	3	75.0
	12 to 16 Years	7	7	1	14.3	4	57.1
	16 Years & Over	16	15	0	0.0	12	80.0

## ***Children's Services Workers***

As shown in Table 3, the average scores of the CSW stayers were higher in each of the three evaluation periods, with the differences ranging from 3.9 points (4 percent) to 9.1 points (9 percent). Besides showing the largest evaluation-score differences between the stayers and leavers of any of the four classifications, the CSW classification had the largest percentage of employees leave during the three year period (41.2 percent of all CSWs who were on the payroll during the three years left JFS). High turnover in children's services jobs is not unusual, but at least in Hamilton County's case it appears that the lower performers are the ones leaving.

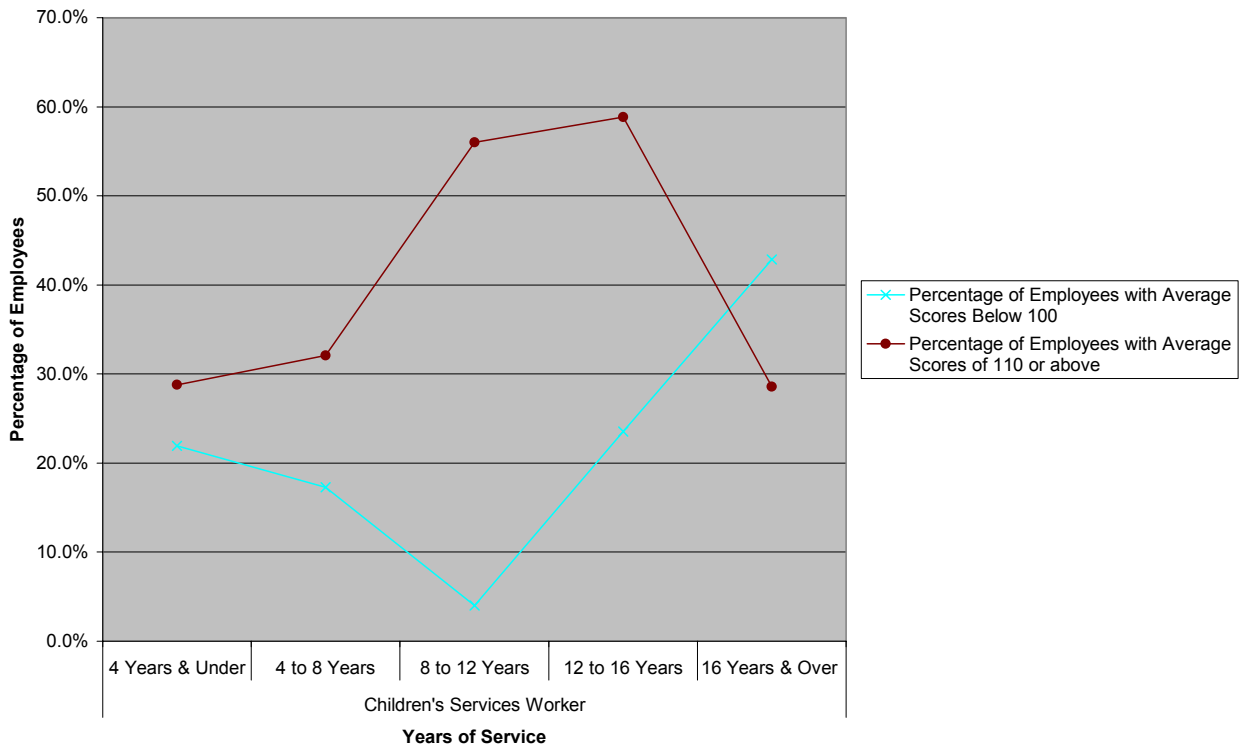
Table 3 also shows that the average length of service of the CSW leavers is 2.3 years compared to 6.5 years for the stayers. When compared to the average service time of the leavers in the other three classifications, the CSWs are much more prone to "early turnover," (i.e., that turnover occurring during the first year or two of employment).

The problem of early turnover suggests that many job applicants accept children's services positions without having a good understanding of what the job entails. To the extent that there is a relationship between "job fit" and performance, the PFP system may be "hastening the inevitable." In other words, we believe that the data suggests that the PFP system is encouraging those who are a less suited to the job to leave sooner. Thirty-two percent of the CSWs who left during the three year period did so within their first twelve months of employment, and 48 percent left within their first eighteen months.

We hypothesized that the percentage of employees receiving high-PFP scores would increase with the length of service (up to a certain point) for two reasons:

1. As employees gain experience, their performance will improve, particularly under the "outcomes-focused" PFP system.
2. As marginal performers become discouraged with not receiving pay increases and leave JFS, the percentage of employees in their employment cohort (those hired at about the same time) receiving high scores will increase.

We had further hypothesized that those very long-term employees, hired well before PFP was introduced, would remain with JFS despite not receiving PFP increases. Chart 1 (page 10) illustrates the relationship between PFP score and length of service for Children's Services Workers.

**Chart 1: Evaluation Scoring Rates by Years of Service - Children's Service Worker**

As we expected, as employees reach the 4-to-8 years cohort, and then the 8-to-12 year cohort, the percentage receiving high scores increases and the percentage receiving low scores decreases. At 16-years-and-over, the percentage of those receiving high scores decreases and the percentage receiving low scores increases.

### ***Eligibility Technicians***

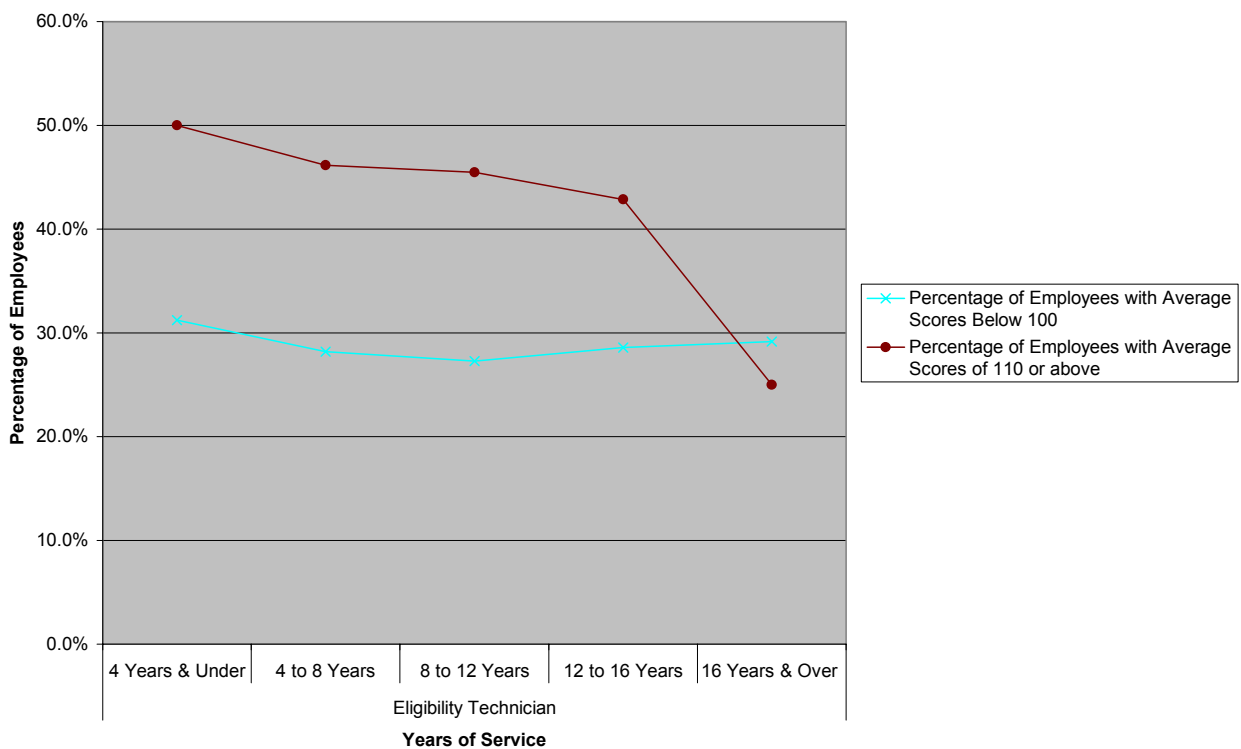
As Table 3 shows, the average performance scores of the ET stayers and the leavers was approximately the same for the 2002 evaluation, but the average score of the stayers was higher for the two most recent years. The stayers, on average, scored 6 points (6 percent) higher in 2003 and 14 points (15 percent) higher in 2004. Although not as high a percentage as the Children's Services Workers, approximately one-third of the Eligibility Technicians left during the three-year period. As can be seen from Table 2, turnover rates for calendar years 2003 and 2004 were unusually high, (32.5 percent and 20.9 percent, respectively) when compared to the average annual turnover rate of approximately 14 percent for the two prior

years.<sup>3</sup> It is very likely that the high turnover in calendar years 2002 and 2003 is a result of the low performance evaluation scores received by the leavers in January of each of those years.

The average seniority of the leavers is 6.9 years, compared to the 10.3 year average of the stayers. The fact that the median seniority of the leavers is 2.2 years means that a number of longer-term employees terminated employment during this period. Although not shown in the table, a review of the data reveals that 24 percent of those who left during this period had more than ten years of service with an average performance evaluation score of 100.4 points. The data clearly suggests that the PFP system has been effective in encouraging the weaker performers in the Eligibility Technician classification to leave JFS.

Chart 2 below illustrates the relationship between PFP score and length of service for the Eligibility Technicians.

**Chart 2: Evaluation Scoring Rates by Years of Service - Eligibility Technicians**



<sup>3</sup> JFS officials have verified that there were no specific events, such as a layoff or early retirement, to account for the unusually high turnover.

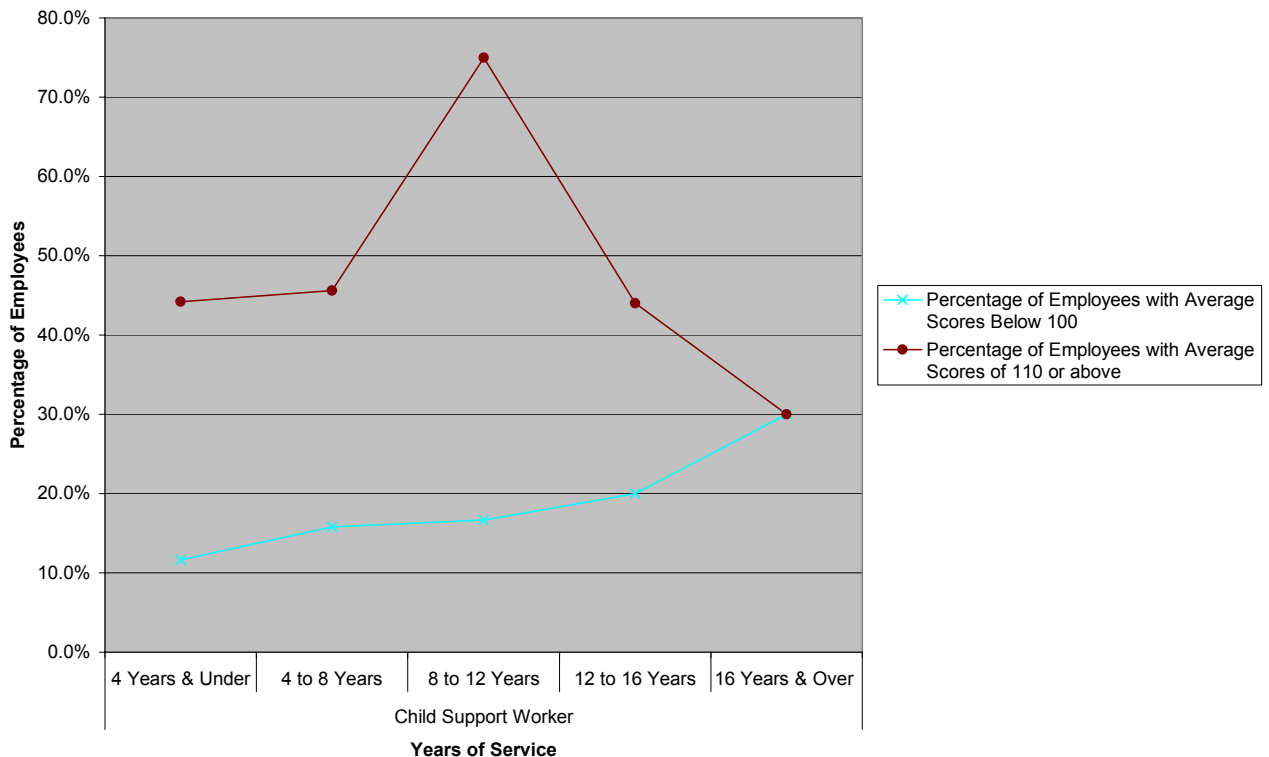
Our hypothesis that the percentage of employees receiving high evaluation scores would increase with length of service is not as fully supported for ETs as for CSWs. The largest percentage of high-performers is in the “4 year and under” cohort and the percentage decreases slightly with subsequent cohorts until the “16 years and over” cohort when the percentage drops significantly. The percentage of low-performers is fairly constant throughout.

### ***Child Support Technicians***

The number of employees in the Child Support Technician classification increased by almost 40 percent in 2001 (from 89 employees to 122 employees) and by 2004, there were nearly 70 percent more CSTs than in 2000. During this period of rapid program expansion, JFS officials believe that supervisors and managers were struggling to develop program measures and identify the Major Work Objectives (MWOs). By 2003, the MWOs had been redefined to better align with JFS’ strategic direction, and the evaluations completed in January 2004 more realistically measured employee performance. As shown in Table 3, the average evaluation score of stayers was 7.9 points (8 percent) better than the average score of leavers.

Between 2001 and 2004, both the average (8.1 years) and median (4.6 years) length of service of the leavers was significantly higher than for the other three classifications. The departure of a number of long-term employees may have been a result of both the changes in program direction and lower performance evaluation scores. However, the fact that only 17.6 percent of the CSTs left JFS during this three-year period (compared to 41.2 percent of CSWs and 31.4 percent of ETs) suggests that these departures were the norm from retirements, relocations, promotional opportunities, etc.

Chart 3 (page 13) shows the relationship between PFP score and length of service for Child Support Technicians.

**Chart 3: Evaluation Scoring Rates by Years of Service - Child Support Technician**

As we hypothesized, the percentage of employees receiving high scores peaks with the “8 to 12 years” cohort, and drops significantly after that point. The percentage of employees receiving low scores increases slightly from one cohort to the next, and increases significantly with the “16 years and Over” cohort.

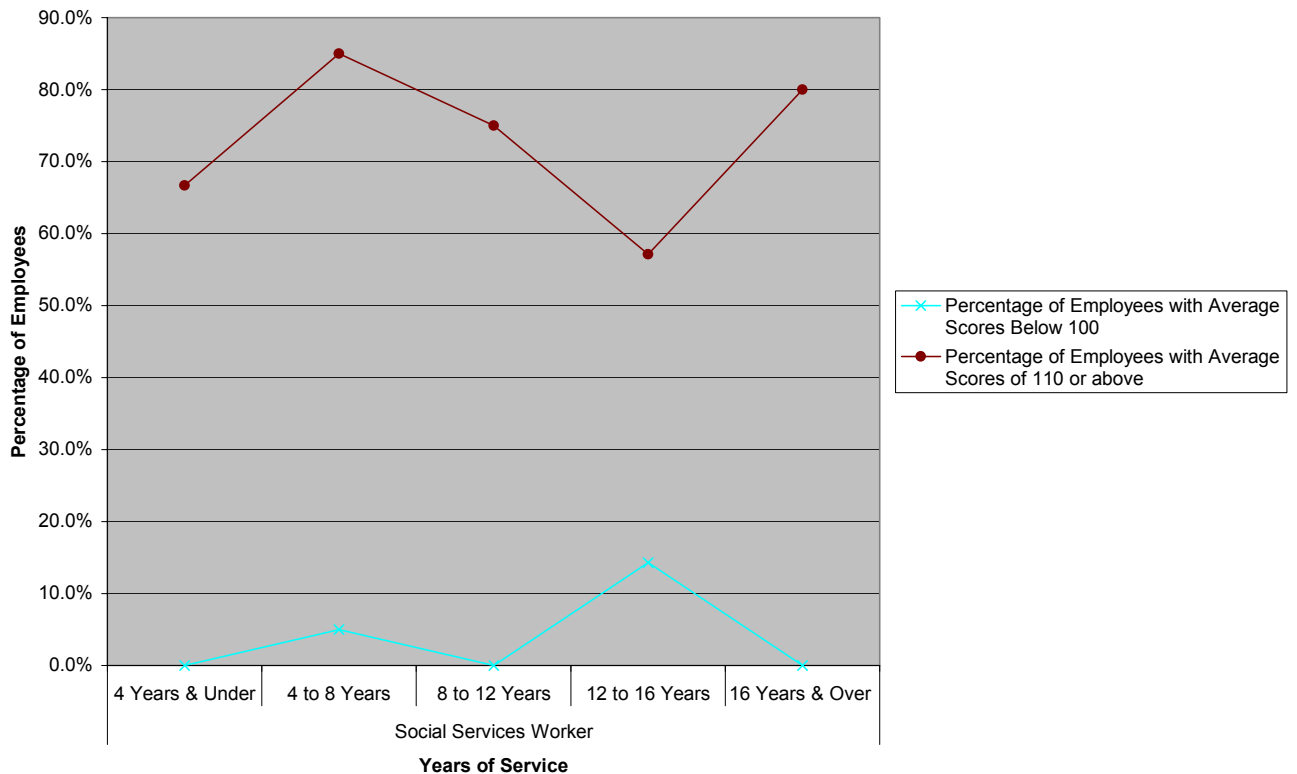
### ***Social Services Workers***

As shown in Table 3, there is very little difference between the performance scores of leavers and stayers in the Social Services Worker classification, with the difference in the average scores over the three year period being only 1.2 points, or one percent. The average performance scores of both the leavers and stayers is considerably higher for the SSWs than for the other three classifications. This suggests that the MWOs for this classification lack the difficulty of the other classifications and appear not to distinguish the high achievers.

As with the CSTs, the turnover of Social Services Workers is low. Only 23 percent of the SSWs left JFS during the three-year period, suggesting that the departures were simply the result of normal turnover.

Chart 4 below illustrates the relationship between PFP score and length of service for Social Services Workers.

**Chart 4: Evaluation Scoring Rates by Years of Service - Social Services Workers**



As can be seen from Chart 4, a very high percentage of employees in every cohort received high scores and a very low percentage of employees in each cohort received low scores. As stated above, it appears that the MWOs for the SSW classification are easily achieved and do not distinguish between the high and low performers.



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## Summary and Conclusions

Based on our analysis, we believe that the Hamilton County's Pay for Performance system has had a positive impact on worker performance, reduced turnover and the retention of high-achieving employees. Because a number of variables affect each of these outcomes, we cannot precisely determine the impact of the PFP program. However, we do believe that the data suggests that the PFP system has played a significant role in the following:

- When comparing the pre and post-PFP turnover rates, turnover rates were cut in half in the Child Support Technician classification, and dropped by 25 percent in the Children's Services classification.
- The average evaluation scores over a three-year period in each of the four classifications is higher for those who remained with JFS than the average of the scores of those who left. We believe this suggests that the PFP system encourages the high achievers to stay and the weaker performers to leave.
- Although turnover in the Children's Services classification remains high, the evidence shows that the weaker performers are, on average, the ones leaving.

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## **Attachment 1 – JFS Job Classification Descriptions**

**Children’s Services Worker:** As a professional social caseworker, investigates allegations of abuse and/or neglect of minor children and/or provides overall case management services for families whose children have been or are at significant risk of abuse and neglect. May provide services to children in placement, meet with substitute caregivers, develop family case plans, prepare court petitions, and appear in court.

**E&E:** A Master’s degree in Social Work or a Bachelor’s degree plus various combinations of college level coursework and relevant work experience.

**Eligibility Technician:** Interviews applicants/recipients to determine eligibility for public assistance (e.g., TANF, Medicaid, Food Stamps, emergency assistance, etc) and/or assesses their employability. Enters data into computer system(s), verifies submitted documentation, makes home calls, and makes appropriate referrals. May complete Personal Responsibility Agreement and Plan, and monitor such plans through oversight and coordination.

**E&E:** Associate’s degree in behavioral science or academic equivalent or any associates degree or academic equivalent, with two (2) years experience in public contact work involving interviewing and collecting/interpreting complex data.

**Child Support Technician:** Establishes paternity, locates absent parents, and secures support payments from absent parents. Interviews clients, alleged parents, and others to determine identity and location of absent parents and/or to establish paternity. Cooperates with law enforcement officials, testifies in court, and otherwise assists in criminal prosecution of persons failing to pay child support.

**E&E:** Associate’s degree or equivalent education, or four years experience in customer service or collections work.

**Social Services Worker 3:** Provides case management services for home providers within a child day care system and/or provides in-depth counseling services for families within a child day care system. May also recruit and license day care homes.

**E&E:** Bachelor’s degree in a human services area or any bachelor’s degree and certain combinations of qualifying coursework and work experience.